

**Summary and Analysis**  
**ENVIRONMENTAL QUALITY FY 2003-04**  
**Public Act 171 of 2003 - House Bill 4393**



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**Overview**

The appropriations in this act support environmental protection, conservation, cleanup and redevelopment programs. Appropriated funds support regulatory efforts established to protect, restore and reuse Michigan's air, water and land resources. General Fund/General Purpose revenue for environmental programs represents 16.3% of the total appropriation. Nearly half of the revenue is provided from restricted (permit and license) revenue.

**Summary of Major Budget Issues**

*Funding Shifts and Fee Increases* -- Three significant fee increases are included in the FY 2003-04 appropriation:

- National Pollution Discharge Elimination System fees: \$3.0 million
- Groundwater Discharge Permit fees: \$1.76 million
- Solid Waste Fees: \$3.9 million

*MUSTFA Appropriation* -- The \$ 58.0 million appropriation is not included. Bond payments will be made from the escrow account. The fee (collected at the gas pump) is to sunset in 2003.

*Veto*es -- The \$1.0 million appropriation for the sampling of water quality of Lake St. Clair and \$20,000 set aside for beach water quality signs were eliminated through boilerplate vetoes.

**FY 2003-04 Recommendations**

	<b>FY 2002-03 YTD (as 3/6/03)</b>	<b>Executive</b>	<b>House</b>	<b>Senate</b>	<b>Enacted</b>	<b>Difference: Enacted to 2002-03</b>	
						<b>Amount</b>	<b>%</b>
<b>IDG/IDT</b>	\$14,042,900	\$14,142,900	\$14,142,900	\$14,142,900	\$14,142,900	\$100,000	0.7
<b>Federal</b>	131,521,400	129,169,500	129,169,500	129,169,500	129,169,500	(2,351,900)	(1.8)
<b>Local</b>	0	0	0	0	0	0	0.0
<b>Private</b>	435,700	435,700	435,700	435,700	435,700	0	0.0
<b>Restricted</b>	192,059,100	147,153,500	143,442,400	146,905,800	145,460,000	(46,599,100)	(24.3)
<b>GF/GP</b>	66,653,161	53,055,800	51,459,700	56,196,500	56,196,300	(10,456,861)	(15.7)
<b>Gross</b>	<b>\$404,712,261</b>	<b>\$343,957,400</b>	<b>\$338,650,200</b>	<b>\$346,850,400</b>	<b>\$345,404,400</b>	<b>(\$59,307,861)</b>	<b>(14.6)</b>
<b>FTEs</b>	1,590.7	1,616.7	1,622.7	1,605.7	1,605.7	15.0	0.9

*Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or EO actions that occurred after March 6, 2003.*

		YTD FY 2002-03 As of 3/6/03	Enacted
<b><u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u></b>			
<b>PROGRAM REDUCTIONS</b>			
<b>1. Environmental Training</b>	<b>Gross</b>	<b>\$295,800</b>	<b>(\$295,800)</b>
The department sponsored workshop program will no longer be supported from workshop revenue. This program no longer generates workshop registration fee support.	Restricted	295,800	(295,800)
<b>2. Great Lakes Shorelands</b>	<b>Gross</b>	<b>\$2,494,800</b>	<b>(\$120,000)</b>
Matching funds for the Federal Coastal Zone Management Program are provided from existing restricted fund expenditures.	Federal	1,260,100	0
	Restricted	624,600	0
	GF/GP	\$490,100	(\$120,000)
<b>ONE TIME PROGRAMS &amp; FUNDING ADJUSTMENTS</b>			
<b>3. Michigan Underground Storage Tank Financial Assurance Fund</b>	<b>Gross</b>	<b>\$0</b>	<b>(\$58,035,700)</b>
The 7/8 cent fee on motor fuels will no longer be collected since bonding requirements for the Underground Storage Tank cleanup program will be met in FY 2002-03. Remaining revenue in the fund will be transferred to the Environmental Response Fund and used to cleanup contamination at underground storage tank sites.	Restricted	0	(58,035,700)
<b>4. Superfund Program</b>	<b>Gross</b>	<b>\$7,000,000</b>	<b>(\$3,000,000)</b>
The Federal Superfund deduct is reduced to reflect expected FY 2003-04 revenue.	Federal	7,000,000	(3,000,000)
<b>5. Lake St. Clair Water Quality Monitoring</b>	<b>Gross</b>	<b>\$2,500,000</b>	<b>(\$800,000)</b>
The appropriation includes second year funding and authorizes funds for water quality monitoring.	Restricted	2,500,000	(800,000)
<b>6. Environmental Response Fund</b>	<b>Gross</b>	<b>\$2,439,000</b>	<b>(\$850,000)</b>
The Environmental Response Fund deduct in the Storage Tank Program is reduced to reflect expected spending requirements and anticipated for FY 2003-04 revenue.	Restricted	2,439,000	(850,000)
<b>7. Scrap Tire Research</b>	<b>Gross</b>	<b>\$200,000</b>	<b>(\$200,000)</b>
Funding for this one time budget item is eliminated.	Restricted	200,000	(200,000)
<b>8. Submerged Log Program</b>	<b>Gross</b>	<b>\$134,600</b>	<b>(\$33,000)</b>
This program is wholly supported from restricted funds.	Restricted	101,600	0
	GF/GP	\$33,000	(\$33,000)
<b>PROGRAM EXPANSIONS &amp; FUNDING INCREASES</b>			
<b>9. Scrap Tire Grants</b>	<b>Gross</b>	<b>\$700,000</b>	<b>\$2,800,000</b>
Scrap tire fees were increased from \$.50 to \$1.50 in 2002. This revenue increase is added to the existing grant program for scrap tire recycling and site cleanup.	Restricted	700,000	2,800,000
<b>10. Storm Water Discharge Program</b>	<b>Gross</b>	<b>\$900,000</b>	<b>\$1,162,500</b>
This expanded program, funded by an increased fee on municipal storm sewer systems and commercial sites, enables the Department to meet new federal standards for storm water discharge. <i>Enabling legislation is required.</i>	Restricted	900,000	1,162,500
<b>11. Public Water System Security</b>	<b>Gross</b>	<b>\$0</b>	<b>\$400,000</b>
Additional federal funds are provided for training programs for public water system operators.	Federal	0	400,000
<b>12. Great Lakes Shorelands</b>	<b>Gross</b>	<b>\$2,494,800</b>	<b>\$125,000</b>
Restricted fund support is increased to expand department efforts supporting the permit process for the application of chemicals to control aquatic vegetative nuisance species in inland lakes. A General Fund savings is possible through this increase.	Federal	1,260,100	0
	Restricted	624,600	225,000
	GF/GP	\$490,100	(\$100,000)

**13. Groundwater Database Program**

Federal funds is provided to the Drinking Water Program to support ongoing efforts to model and predict groundwater supply, demand and flow in the subsurface.

<b>Gross</b>	<b>\$0</b>	<b>\$180,000</b>
Federal	0	180,000

**14. Groundwater Inventory and Map**

Clean Michigan Initiative Clean Water Fund support is added to cover the cost of preparing a statewide groundwater map.

<b>Gross</b>	<b>\$0</b>	<b>\$1,000,000</b>
Restricted	0	1,000,000

**FEE INCREASES AND FUNDING SHIFTS****15. National Pollution Discharge Elimination Permit Fees**

A new fee will be collected from facilities that produce and discharge liquid waste into Michigan surface waters. This increase provides nearly \$6.9 million in new revenue. *Enabling legislation is required.*

<b>Gross</b>	<b>\$0</b>	<b>\$3,000,000</b>
Restricted	0	3,000,000

**16. Groundwater Discharge Fees**

A new fee on public and private discharges into the subsurface replaces reduced General Fund support for the groundwater permit and solid waste compliance program. *Enabling legislation is required.*

<b>Gross</b>	<b>\$1,388,200</b>	<b>\$0</b>
Restricted	0	1,700,000
GF/GP	\$1,388,200	(\$1,700,000)

**17. Solid Waste Fees**

A revised fee structure for Michigan landfills will generate \$3.9 million revenue. This change replaces reduced General Fund support for the groundwater permit and solid waste compliance program. *Enabling legislation is required.*

<b>Gross</b>	<b>\$0</b>	<b>\$0</b>
Restricted	2,598,400	2,598,400
GF/GP	(\$2,598,400)	(\$2,598,400)

**18. Laboratory User Fees**

A revised fee structure for laboratory services for sample follow-up testing, cleanup site sample test, and other activities replaces the General Fund subsidy.

<b>Gross</b>	<b>\$2,750,400</b>	<b>\$89,300</b>
Restricted	2,600,400	239,300
GF/GP	\$150,000	(\$150,000)

**Major Boilerplate Changes from FY 2002-03:*****Sec. 206 Contingency Transfer Authorization***

This Section is not in the Conference Report.

***Sec. 503 Great Lakes Water Quality Bond Report –NEW***

This report would describe the effectiveness of the 1988 Quality of Life Bond program.

***Sec. 904. Groundwater Inventory and Map -NEW***

This Section explains the desired use of the CMI appropriation for the groundwater inventory and map program added by the Senate.

***Sec. 1104. County Grants: Water Quality Monitoring – VETOED***

This section provides \$700,000 to the City of St.Clair Shores for dredging and \$1,000,000 for the monitoring program for the Lake St. Clair watershed. Note: the \$1.0 million for monitoring was vetoed.